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ABSTRACT

Issues concerning state planning and policy toward proprietary schools are considered, with a focus on efforts of Illinois to relate to the proprietary sector in such areas as coordination and planning, student financial aid, and the approval of schools and programs. States that try to integrate the proprietary sector into their planning activities encounter at least two related difficulties: multiple state agencies have varying responsibilities for different kinds of proprietary schools and programs; and statewide data on proprietary schools are very limited. The Illinois Board of Higher Education and other state agencies have statutory responsibility to approve new degree-granting institutions, including proprietary schools, and new degree programs offered by these schools; and to regulate proprietary schools that prepare individuals to follow a trade, artistic occupation, or professions not subject to licensing or registration. The following topics are considered in depth: state student financial aid and proprietary school students, and state level review and approval of proprietary school programs. Appended is information on statutory responsibilities of the State Board of Higher Education and the structure of higher education in Illinois. (SW)

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by

Robert A. Wallhaus

A paper presented at a joint session with the
National Association of Trade and Technical Schools and the
Association of Independent Colleges and Schools,
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State Wide Planning and Policy Development in Relation to Proprietary Schools

by

Robert A. Wallhaus*

Proprietary schools have a long history of providing postsecondary opportunities. However, most state higher education agencies, until rather recently, did not seriously consider the proprietary sector as they developed plans and policies for postsecondary education. This began to change in the early 1970s.

Following a thorough examination of postsecondary education at the national level through much of 1971 and 1972, the Congress adopted the Higher Education Amendments of 1972. These amendments to the Higher Education Act of 1965 formalized the place and role of the proprietary sector in the overall scheme of postsecondary planning and policy in two significant ways. First, the amendments encouraged the establishment of new structures at the state level to improve statewide planning for postsecondary educational systems. Second, they extended and broadened existing federal student aid programs, and added a new program of basic student grants for every high school graduate who wanted to continue his or her education but lacked sufficient financial resources. As a result, needy students who wanted to attend proprietary schools became eligible for substantial student financial aid for the first time.

As state higher education agencies began to take more explicit account of the proprietary sector in planning and policy development, many also established roles to approve and review proprietary schools and their programs. While state legislation related to authorization of proprietary schools and the licensure of their graduates was in

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place long before the 1970s, these responsibilities were lodged in a variety of state agencies, and still are to a great extent. But in many states, these statutory responsibilities have been transferred to, or established within, the state higher education agency. In 1973 this trend led the Education Commission of the States to develop "model legislation" for the approval and authorization of schools and their programs to aid state higher education agencies in assuming this new role.

Because of the diversity of state legislation and the different roles and responsibilities of state higher education coordinating and governing boards, it is impossible to generalize issues or develop recommendations which are uniformly applicable to all states. However, the experience of Illinois, and its efforts to relate to the proprietary sector in such areas as coordination and planning, student financial aid and the approval of schools and programs will undoubtedly be relevant for many other states and their proprietary institutions.

Statewide Planning, Governance and Coordination

All states have established state-level structures that have responsibilities for planning and policy development in postsecondary education, but the roles and responsibilities of these agencies vary widely across the states. State higher education agencies are usually characterized as either "coordinating boards" whose responsibilities lie in planning, program approval and budgeting and whose roles are largely advisory; or as "governing boards" whose responsibilities extend into areas of personnel and fiscal accountability, and whose roles place them in a position of final authority in money matters.

Historically, the statutory responsibilities assigned to statewide coordinating or governing boards focused on public colleges and universities, with only rare mention of private nonprofit institutions and no mention of proprietary schools. (As a point of reference, the statutory responsibilities of the Illinois Board of Higher Education and the structure of higher education in Illinois are described in Appendix A.)

The Higher Education Amendments of 1972 superimposed incentives to take a broader perspective in statewide postsecondary planning upon these established statewide structures. Specifically, Section 1202 stated that "any State which desires to receive assistance under section 1203 or Title X shall establish a State Commission or designate an existing State agency of State Commission which is broadly and equitably representative of the general public and public and private nonprofit and proprietary institutions of postsecondary education in the State . . . . ".

Section 1203 authorized the Commissioner of Education "to make grants to any State Commission established pursuant to section 1202 to enable it to expand the scope of studies and planning . . . including planning necessary for resources to be better coordinated, improved, expanded, or altered so that all persons within the state who

desire, and who can benefit from, postsecondary education may have the opportunity to do so."

By the mid-1970s virtually every state had responded to this Congressional charge and its financial incentives and had reorganized to meet the requirements of Sections 1202 and 1203. The Illinois Board of Higher Education, like most other statewide higher education agencies, easily met the requirements of "broad and equitable representation of the general public" by virtue of being a 'citizen board' appointed by the Governor with the advice and consent of the legislature. However, to ensure broad representation of all sectors of postsecondary education, the Illinois Board of Higher Education also established various "advisory committees" including a Proprietary Advisory Committee made up of representatives of Illinois proprietary schools. While federal support of the so-called "1202 Commissions" was phased out in the early 1980s, in Illinois these advisory committees continue to play an important role in statewide planning and policy development.

Despite these federal initiatives, most states have not effectively applied a broad perspective to statewide planning for postsecondary education. As might be expected, state higher education agencies focus their energies on those sectors that are the primary consumers of state revenues. State agencies see their primary role as defining educational needs and priorities and assuring that state resources are utilized effectively to address those needs and priorities. Since proprietary institutions are by definition tax-paying rather than tax-consuming, it is not surprising that most state agencies tended to overlook the proprietary sector in budget development and planning. However, because proprietary students participate in financial aid programs at both the state and federal levels, and thereby funnel tax dollars to their schools, governmental agencies will undoubtedly begin to pay attention to integrating the proprietary sector into their

planning and budget processes.

Proprietary schools offer educational opportunities that would otherwise not be available, or would need to be provided by a state's public and not-for-profit independent institutions. Changes in the occupational supply-and-demand picture, demographic trends, student financial aid policies and the overall financing of postsecondary institutions shift enrollments across all postsecondary sectors, including the proprietary sector. Therefore, the ramifications of policy and resource allocation alternatives will not be fully comprehended if the proprietary sector is ignored in statewide postsecondary planning.

States that try to integrate the proprietary sector into their planning activities encounter at least two related difficulties: multiple state agencies have varying responsibilities for different kinds of proprietary schools and programs; and statewide data on proprietary schools are very limited.

To illustrate the first of these difficulties, an approximate definition of state agency responsibilities related to proprietary schools in Illinois follows. A precise definition would require a school-by-school analysis.

1. The Illinois Board of Higher Education has statutory responsibility to approve new "degree-granting" institutions, including proprietary schools, and new "degree programs" offered by these schools. "Degree program" is defined in rules and regulations as any organized program of study beyond secondary school that offers any designation, appellation, series of letters or words or other symbol known as or labeled as an associate degree, a bachelor's degree, a master's degree, a doctor's degree, a professional degree or a certificate of advanced study; or an academic

program of more than twelve months duration. The 16 Illinois proprietary schools meeting this definition awarded 1,239 certificates, 1,395 associate degrees, 365 baccalaureate degrees, 227 master's degrees, and 21 doctoral degrees in 1982-83.

2. The Illinois State Board of Education has statutory responsibility to regulate "private business and vocational schools," defined as proprietary schools that prepare individuals to follow a trade, artistic occupation, or profession (if the profession is not subject to licensing or registration). There are 304 such schools in Illinois, offering training in a variety of occupations including accountants, computer programmers and operators, automotive and diesel mechanics, electronic technicians, models, secretaries, bartenders, drafters, and medical assistants. The number of students enrolled in these schools is not known precisely, but it is estimated that they serve at least 100,000 Illinois students. Some schools falling under the Private Business and Vocational Schools Act also offer "degree programs," and consequently, are also the responsibility of the Illinois Board of Higher Education.

3. The Illinois Department of Registration and Education licenses 32 professions, including architects, dentists, physicians, nurses, detectives, veterinarians, and social workers. Programs preparing students for these professions are offered by secondary schools, community colleges, universities, hospitals and proprietary schools. In Illinois there are 122 beauty culture and barber schools, 24 schools offering security-services programs and 31 real estate schools. These are predominantly schools whose graduates, to pursue their professions in Illinois, must be licensed by the Department of Registration and Education.

4. The Office of the Secretary of State regulates truck-driving programs and

commercial driver-training programs. Most of these programs are offered by proprietary schools.

5. The Illinois Department of Public Health approves programs in nurse-assisting and emergency medical technology. These programs are offered by area vocational centers, community colleges, private vocational schools, nursing homes hospitals, and public health departments. There are over 250 such programs offered in Illinois.

6. The Federal Aviation Administration certifies training programs in private vocational schools, community colleges and universities. There are 20 proprietary pilot-training schools in Illinois.

Obviously this patchwork pattern of overlapping state agency responsibilities in relation to proprietary schools presents difficult questions for statewide postsecondary planning: which proprietary schools are to be considered in developing statewide postsecondary plans and policies? How can the various bureaucracies more effectively coordinate their efforts in view of their different perspectives and responsibilities? How can comprehensive statewide planning be accomplished without superimposing yet another bureaucratic requirement upon individual schools, many of which already respond to the policies and procedures of more than one state agency?

In addition to organizational, complexities developing comparable data across the various postsecondary sectors is a problem. The total number of students served by proprietary schools in Illinois -- a rather basic element of information for planning — can only be estimated. This is surely the case in other states as well. To understand the difficulty in developing a statewide data base for planning purposes, consider the technical questions

that must be answered: for even one piece of fundamental data, such as the number of students enrolled by sector: (1) what constitutes an enrollment? If a student drops out and reenters, or transfers to another institution, or takes parts of his or her program at mo . than one institution, how many enrollments are to be recorded? If an unduplicated count is to be reported, which institution should record it? (2) When should enrollments be counted? Typically, colleges and universities report "opening fall enrollment" — a student headcount as of a designated cutoff date as prescribed by the National Center for Educational Statistics' Higher Education General Information Survey (HEGIS). But proprietary school enrollments counted on only one date during the year would not accurately reflect the total number of students served — and probably would result in a serious underestimate. Many proprietary courses, unlike traditional programs offered by colleges and universities, enroll and complete the training of different groups of students at different points during the year. Therefore, how can enrollment data be compared across different sectors? (3) How does one draw meaningful insights from enrollment data without some notion of the number of full-time versus part-time students that are included in the total count? To overcome this problem, colleges and universities typically report a "full-time-equivalent" (FTE) student enrollment, calculated on the basis of credit hours. Many proprietary schools maintain data differently: on student-faculty hours, or class and lab hours. How can contact hours be uniformly converted to credit hours, or vice versa?

The technical problems in collecting consistent and comparable financial data are even more formidable. The financial reports of not-for-profit institutions are based upon the principles of "fund accounting." Proprietary schools utilize balance sheets and profit-and-loss statements like other businesses. Deriving comparable financial information from these different modes of accounting is virtually impossible at even a rudimentary or highly aggregated level. Further, financial information maintained by proprietary

schools is usually considered by the schools to be "proprietary information," and they refuse to share it.

Clearly, developing compatible and comparable statewide data base for postsecondary education will require advances in the state-of-the-art for data structures and definitions. The National Center for Education Statistics is currently designing an "Integrated Postsecondary Education Data System." This effort is expected to resolve some of the problems encountered in adopting a broader perspective in postsecondary education planning.

The congressional charge of the early 1970s to broaden the perspective of postsecondary planning at the State level to encompass the proprietary sector has not been fully met. While the rationale for moving in this direction remains compelling, much remains to be accomplished.

State Student Financial Aid and Proprietary School Students

Illinois operates the third-largest student financial aid program in the country. In fiscal year 1985, approximately $110 million were appropriated by the state for need-based grants for Illinois residents attending Illinois public or independent not-for-profit colleges or universities. The average student award in Illinois ranks fourth among all state grant programs. However, no student attending a proprietary school is eligible for participation in the financial-aid programs supported by Illinois.

In June 1981 the chairman of the Illinois Board of Higher Education's Proprietary Advisory Committee presented the following statement to the Board:

"We met last week, May 27, and our entire discussion was on the ongoing effort to achieve even-handed treatment in the Illinois State Scholarship program for students attending accredited, state-approved proprietary institutions of higher education. The Committee is unanimous in support of this quest for even-handed treatment for two major reasons.

The first is that currently one method Illinois uses to determine student eligibility for a state scholarship grant is the capital structure of the student's chosen institution. Students who choose institutions funded by public capital or by private eleemosynary capital are eligible. Students who choose institutions funded by private investment capital are not eligible. Our committee feels that capital structure is not a good way to discriminate since there is considerable research which indicates that capital structure is not an infallible predictor of educational quality or student success.

The second reason has to do with social equity. The Illinois State Scholarship Commission is funded by the people of Illinois. The parents of students at proprietary schools are Illinois citizens and Illinois taxpayers, the same as parents of students at public and private nonprofit institutions. If their children qualify for scholarship aid on the basis of financial need and choose nationally accredited, state-approved program, which they feel is best in order to meet their educational needs, we feel it is bad public policy to deny them financial aid for reasons that have nothing to do with the educational quality of the institution or the potential success of that student in preparing for his or her career in his or her life."

This was not the first time that the issue of eligibility for participation in the state's student financial aid programs was raised by the Board's Proprietary Advisory

Committee. Nor was it the last. On at least 20 different occasions over a period of three years the above statement, with only minor variations, was presented to the Board. To say that the proprietary schools in Illinois were persistent and effective in making visible their well-focused priority would be an understatement.

By December 1980 the Illinois Board of Higher Education had adopted the following resolution:

> Eligibility for an Illinois State Scholarship Commission monetary award for students at proprietary institutions should be based upon the character of the program in which the applicant is enrolled and financial need. Eligible academic programs should include only undergraduate programs of at least two academic years in length that are subject to the approval of the Illinois Board of Higher Education under "An Act Regulating Private Colleges" and "An Act Regulating the Granting of Academic Degrees."

Legislation was introduced in the spring of 1980 that would have made students in a limited number of proprietary school programs eligible for participation in the state's monetary award program. That legislation did not pass, and similar legislation has been reintroduced in each session of the General Assembly since that time. However, at this writing, legislation making students at proprietary institutions eligible for student financial aid has not been passed by the Illinois legislature.

There are two important reasons why such legislation has not yet been adopted; and while the Illinois scenario described above probably would not be replicated in other states, considering the participation of proprietary school students in state financial aid programs would face these same issues.

First, there is confusion and controversy about which proprietary institutions should be eligible. Some would argue that only students attending "degree-granting" proprietary schools should qualify for financial aid. In Illinois this definition would encompass the 14 institutions offering undergraduate instruction that fall within the statutory responsibility of the Illinois Board of Higher Education. These, of course, are the schools that are "most similar" to the public and private institutions that currently participate in the state-supported financial aid program. It is estimated that bringing students attending these 14 schools into the state's student financial aid program could require as much as 12 million additional dollars, depending upon what assumptions are made about maximum award, eligible students, etc.

Others argue that eligibility should be expanded to include all schools accredited by agencies recognized by the federal Department of Education that also fall under the Private Business and Vocational Act administered by the Illinois State Board of Education. Still others would suggest that state eligibility should be synonymous with eligibility to participate in the federal Pell Grant program. Since there is no reliable estimate of the number students attending the various types of proprietary schools in Illinois it is very difficult to "cost out" these alternatives. This, in turn, makes it exceedingly difficult to achieve agreement on a definition of eligibility.

Even in the case of the 14 Illinois proprietary institutions that grant undergraduate degrees, defining eligibility is not a straightforward task. Many of these schools simultaneously offer degree programs as defined in the Board of Higher Education's rules and regulations as well as non-degree programs regulated by the State Board of Education. The latter programs are similar to those offered by over 300 other proprietary schools, which would not be eligible under the more limited "degree-granting"

definition. Since non-degree programs often articulate with the degree programs offered by the same institution (e.g., a short-term secretarial certificate and an Associate of Applied Science in Word Processing), it is difficult to tell which students are enrolled in the "degree program" and would thereby qualify for aid) and which students are not.

While other states would surely not follow the Illinois experience by choice, they should be forewarned that student financial aid eligibility can be a definitional quagmire.

A second issue centers on securing the additional financial-aid dollars for proprietary school students. Many colleges and universities fear that the necessary incremental appropriations would not be forthcoming, but rather would be made available through a reallocation of existing student financial-aid resources. This would, of course, result in reduced financial aid for those students and institutions currently participating in the program. Since the additional resources needed to support proprietary student participation cannot be assured at the time authorizing legislation is introduced, there is considerable political resistance from those sectors that are currently included in the state's financial aid program.

A final issue relates to whether student financial-aid resources are efficiently and effectively utilized by proprietary schools. While this issue has not been an important element in the debate over proprietary school participation in student financial aid in Illinois, it has become a greater concern at the federal level, and will undoubtedly be of increasing concern at state levels as well.

In August 1984 the General Accounting Office, a watchdog arm of the Congress, issued a report[1] based on a study of proprietary school practices in administering the federal Pell Grant Program. This report states that:

> "GAO estimates that school practices which are not in the best interests of the students and do not comply with program with program requirements, are costing the federal government millions of dollars. GAO believes that improved monitoring is needed to better assure schools comply with program requirements and that students obtain intended benefits."

The report went on to say:

> "The practices in question included schools (1) admitting unqualified students who GAO found had a greater tendency to drop out of school before completing their training than did qualified students, (2) not establishing and/or enforcing academic progress standards, (3) misrepresenting themselves to prospective students, and (4) making errors in computing and disbursing Pell Grant Awards and refunds."

Proprietary schools have claimed that these charges are unfounded in that they unfairly generalize problems in a few schools to the entire proprietary sector; that these problems are not limited to proprietary schools; and that when student demographics are taken into account, proprietary schools are found to present fewer problems in administering student financial aid than other kinds of institutions.

Nevertheless, concerns about the efficient and effective utilization of student financial

[1]"Many Proprietary Schools Do Not Comply With Department of Education's Pell Grant Program Requirements," General Accounting Office, HRD-84-47, August 29, 1984.

aid resources will be given increased attention in the future at both the federal and state levels. For example, the federal Office of Management and Budget (OMB) has recently proposed rescinding the "ability-to-benefit" provision as an alternative pathway for students to qualify for financial aid. Currently, a student can qualify for need-based financial aid by virtue of holding a high school diploma, by successfully completing the General Educational Development (GED) test, or by demonstrating an "ability to benefit." Ability to benefit from a postsecondary program is determined by individual institutions, usually within parameters established by accrediting commissions (e.g., passing a qualifying exam). The OMB's proposal to eliminate the "ability-to-benefit" alternative is undoubtedly motivated by the desire to cut student financial-aid programs as part of the overall budget deficit reduction effort. However, it is also linked to GAO's finding that "schools are admitting unqualified students who GAO found had a greater tendency to drop out of school before completing their training than did qualified students." Elimination of the "ability-to-benefit" provision would affect all sectors of postsecondary education, but would differentially impact schools that serve large numbers of older and educationally disadvantaged students.

State Level Review and Approval or Proprietary School Programs

Not only do individual states assign responsibilities for the review and approval of postsecondary educational programs to a variety of different agencies within the state, as pointed out in the first section of this paper; but there are substantial variations across the country in how states regulate the establishment of new schools and programs. Some states have no statutory provisions for program or school approval. In such states it may be necessary only to file incorporation papers to open a new school. At the other extreme a few states require a demonstration of need (e.g., evidence that new programs will not unnecessarily duplicate existing programs, or that there is an

occupational demand for program completers), to establish a new school.

Legislation regulating the establishment of new independent (both for-profit and not-for-profit) schools and programs in Illinois, as well as in most other states that have adopted legislation, is based on "consumer-protection" considerations. This means that in order to receive approval to operate postsecondary programs, schools must demonstrate that they can and will deliver the educational experience and results that they purport to provide, and that the programs offered meet commonly accepted educational standards. However, there are wide variations across the states in how stringently "consumer-protection" principles are applied. In some states the criteria supported by statute permit virtually any kind of educational program except a blatant "degree-mill operation;" in other states the criteria that are applied parallel those utilized to approve programs in public colleges and universities.

Different state responsibilities and legislative provisions create a number of problems for proprietary schools and the commissions that accredit their programs.

First, it is possible that an accrediting body will accredit a school or program in one state, which subsequently will be found not to meet another state's standards for program approval. Or, it is possible that a state will approve a school or program which subsequently fails to meet the standards of a national, regional or specialized accrediting commission. These situations have in fact occurred. It is likely that such inconsistencies will be more prevalent in the years ahead as additional states adopt legislation regulating the approval of schools and programs, and as the criteria supported by these statutes become more stringent and more stringently applied. The net result is likely to be a credibility crisis for some accrediting agencies on one hand; for some state higher education agencies on the other hand; and for public confidence in postsecondary

education in general.

Second, proprietary schools that are owned by national corporations (e.g., the educational divisions of Bell & Howell, and ITT) face special problems in relating to higher education agencies in multiple states. Programs offered by such schools are typically designed to conform to a national model. That is, the curriculum is tightly specified for all schools offering the program, and frequently detailed course syllabi are developed and monitored on a national basis. In some cases library and lab equipment modules are defined and acquired at the corporate level. Catalog descriptions and advertisements may be uniformly prescribed for all schools across the country. So may be faculty qualifications. Not only do such national models facilitate quality control monitoring, but they offer economies of scale that translate into profits. These advantages are undermined, however, when some state finds that some aspect of the national model does not meet its standards. This, too, has occurred. The result is considerable tension — to put it mildly — between the school, the corporate staff and the state agency involved, as well as a difficulty in reconciling why what is found acceptable in some states is found lacking in others.

As advanced communication technologies (e.g., instructional television, video cassettes, computer-based education) are increasingly employed to deliver educational programs across state lines, incompatibilities in state legislation and criteria for the approval of schools and programs will become more visible and increasingly difficult for individual states to manage and justify.

The ALLTEL project, a joint effort of the State Higher Education Executive Officers (SHEEO) and the Council on Postsecondary Accreditation (COPA), has taken an impressive first step in addressing these problems. However, there remains a pressing

need for states and accrediting bodies to define and share comparable information, to develop compatible application materials, and to consider reciprocity agreements in their regulation of schools and their educational programs.

The Illinois Board of Higher Education utilizes the following criteria in evaluating applications from independent (both for-profit and not-for-profit) and out-of-state institutions seeking authority to operate in the State of Illinois:

1) The objectives of this institution and its degree programs must be consistent with what the institutional name and degree program titles imply.
2) The caliber and content of each course or program of instruction, training, or study shall be reasonable and adequate for achieving the stated degree objectives for which the course or program is offered.
3) The institution shall have adequate and suitable space, equipment, and instructional materials to provide education of suitable quality.
4) The education, experience, and other qualifications of faculty, staff and instructors shall reasonably ensure that the students will receive education consistent with the objectives of the course of program of study.
5) The institution shall be prepared to provide students and other interested persons with a catalog or brochure containing information describing the degree programs offered, program objectives, length of program, schedule of tuition, fees, and all other charges and expenses necessary for the completion of the course of study, cancellation and refund policies, and such other material facts concerning the institution and the program or course of instruction as are likely to affect the decision of the student to enroll, together with any other information specified by the Board and/or defined in its rules and standards. Such information shall be available to prospective students prior to enrollment.

6) Upon satisfactory completion of the degree program, the student shall be given the appropriate degree by the institution, indicating that a specifically approved course of instruction or study has been satisfactorily completed by the student.

7) Adequate records shall be maintained by the institution to show attendance, progress, or grades, and consistent standards should be enforced relating to attendance, progress, and performance.

8) The institution shall be maintained and operated in compliance with all pertinent local, state and national ordinances and laws.

9) The institution should be financially stable and capable of assuring the revenues needed for meeting stated objectives and fulfilling commitments to students.

10) Neither the institution nor its agents should engage in advertising, sales, collection, credit, or other practices of any type which are false, deceptive, misleading or unfair.

11) The institution should have a fair and equitable cancellation and refund policy.

12) The faculty, staff and instructors of the institution shall be of good professional reputation and character.

These criteria are not unlike those applied to public colleges and universities in Illinois. However, the statutes from which these criteria are derived do not support the application of "need criteria" which are applied to programs in public colleges and universities.

While these general standards may appear to be straightforward, considerable misunderstanding and controversy often arise in their application and interpretation. To illustrate this point, the following problems are often encountered when the above criteria are applied to proprietary schools; however, <u>these problems are not limited to proprietary schools</u>:

1. Lack of General-Education Requirements: While the Associate of Applied Science degree and vocational certificates are designed to prepare students for immediate job entry as opposed to building the base to further education, the Illinois Board of Higher Education has consistently maintained that such programs should include basic academic components; particularly coursework in communications and mathematics. Proprietary schools heavily orient work in these areas to support the vocational objectives of the program (e.g., coursework in report writing or technical math). Philosophical disagreements over how much general education should be required as part of job-entry programs remain unresolved in many states. More often than not this debate centers on vocational programs offered by a state's community colleges.

2. Credit Hour Inflation: Proprietary schools typically require more instructional contact hours than is the case in similar course offered by other colleges and universities. This is due partly to the heavy orientation to "hands-on" experience, and partly to the extra instructional attention required by the clientele served by many schools. The difficulty arises when commonly accepted conventions are utilized to convert contact hours to credit hours (i.e., 15 to 16 contact hours equate to one credit hour). The net result is that more credit is assigned to a given course than would normally be awarded based on course content and material covered. Sometimes this leads to Associate of Applied Science degrees of 90 or more semester credit hours when the same degree offered by other institutions carries only 60 semester hours of credit. Schools will argue that this discrepancy is of little consequence since the coursework is not designed for transfer to other institutions or further educational experiences. Nevertheless, credit is "common currency" that should have a reasonably uniform meaning for the student and his or her employer. Further, more and more students in the future will want to pursue

additional education as a means for career advancement, and will desire to transfer as much credit as possible from prior learning experiences as they seek additional educational credentials.

3. Credit Awarded for Remedial Coursework: Many students with deficiencies in basic areas such as computational, communication, and reading skills are being admitted to postsecondary programs. Schools frequently offer special instructional programs to remove these deficiencies. This practice is reasonable and justified; however, when credit toward program completion is awarded for what amounts to secondary-level work, problems similar to those cited in number 2 above can arise. Further, credit hours, and contact hour conversions to credit hours, become the basis for determining whether a student is qualified for a full-time or part-time financial-aid award. It is likely that increased attention will be given to achieving greater consistency in the determination of credit in the student financial-aid context.

4. Qualifications of Instructors: Most colleges and universities want the majority of their faculty to hold educational credentials at least one degree level beyond that awarded through the degree program in which they teach. Occupational programs place greater emphasis on the employment experience of their faculty. While both perspectives have merit, judgmental differences frequently arise when applying criteria such as "the education, experience and other qualifications of faculty, staff and instructors shall reasonably ensure that students will receive education consistent with the objectives of the course of program of study."

5. Adequacy of Laboratories, Equipment and Library Materials: When costs need to be cut, non-personnel items in the budget are the usual target. This is true in all types

of postsecondary institutions. While it is validly stated that extensive library holdings are not necessary to support vocational program, it is equally true that basic handbooks and trade journals play an important role in quality programs. Field trips and trade shows cannot compensate for regular student access to up-to-date equipment and laboratories that provide opportunities for hands-on experience.

Again, the problems cited above are not encountered only when applying "quality standards" to proprietary schools. However, state higher education agencies face major challenges in communicating perspectives and expectations to schools that are seeking operating- and degree-granting authority; while taking into account the distinctive circumstances of the educational objectives and students served and applying their criteria accordingly.

Appendix A

The Illinois Board of Higher Education and the Structure of Higher Education in Illinois

In 1961 the State of Illinois established a "coordinating board," the Illinois Board of Higher Education, and assigned to it the following statutory responsibilities:

(1) to submit annually to the Governor and General Assembly its analyses and recommendations regarding a statewide budget for higher education,

(2) to approve new units of instruction, research and public service for public universities and community colleges,

(3) to review periodically existing programs of instruction, research and public service and to advise the appropriate board of control if the contribution of each program is not educationally and economically justified, and

(4) to analyze the present and future aims, needs and requirements of higher education in the state - a process commonly referred to as "master planning."

With the exception of program approval, all of these responsibilities are advisory.

In 1979 the legislature also assigned the Illinois Board of Higher Education the responsibility to administer an "Act Regulating Private Colleges" (passed in 1945) and an "Act of Regulating the Granting of Academic Degrees" (passed in 1961). Prior to 1979, these acts were administered by the Illinois State Board of Education (the state agency with primary responsibility for elementary and secondary education). Upon transfer of these acts, all "degree granting" proprietary schools came under the purview of the Illinois Board of Higher Education.

Illinois' twelve public university campuses are assigned to four governing boards: the

Board of Trustees of the University of Illinois, the Board of Trustees of Souther Illinois University, the Board of Governors of State Colleges and Universities, and the Board of Regents of Regency Universities. The state's 39 community college districts are governed by local board of trustees and fall within the purview of the Illinois Community College Board. This structure is often referred to as a "system of systems."